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In sum, I can recommend this book to everybody interested in the ways in which the economic and health conditions of older people in advanced European welfare states were shaped at the end of the last millennium. It is helpful for disentangling a highly relevant theoretical discussion of what constitutes 'well-being' and for presenting a rich variety of empirical results that can inform social science research or policy work. The length and amount of ground covered in the book will make it difficult for readers to take home just one message from it, but will allow them to use it for various purposes.

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David Rueda: *Social Democracy Inside Out. Partisanship and Labor Market Policy in Industrialized Democracies*
Oxford 2007: Oxford University Press, 247 pp.

This is an interesting and insightful book that systematically links the literature on partisan policy preferences with that of comparative political economy and institutional outcomes. More specifically, Rueda argues that the existence of a labour market cleavage between 'insiders' and 'outsiders' has determined governmental policy throughout the post-war era. Workers with permanent contracts, typically unionised, prime-aged males, are considered 'insiders', while workers that are unemployed or hold 'atypical' jobs characterised by low levels of protection and pay and weak employment rights are seen as 'outsiders'. According to Rueda, the political Left sees insiders as their core clientele and thus favours the expansion/defence of employment protection legislation (EPL) to protect these workers' jobs and privileges during the welfare state's 'golden age' and post

oil-crises years, respectively. The Right, in turn, generally favours a loosening of EPL, not only because they represent the interests of the middle and upper classes, that is, the owners of capital and employers, but also because a loosening of EPL makes labour markets more dynamic, which may offer outsiders better chances to (re-)integrate into the regular labour market. Through these assumptions, Rueda explicitly challenges the Varieties of Capitalism literature that postulates that political parties in coordinated market economies (CMEs) – in contrast to political parties in liberal market economies (LMEs) – generally have an interest in keeping those institutions intact that promote long job tenures and the acquisition of high skills by workers, such as stringent EPL (Hall and Soskice 2001).

Perhaps more interesting, Rueda also argues that *neither* political grouping has an incentive to promote the expansion of either active or passive labour market policy (ALMP and PLMP). The Right objects to overly generous ALMP and PLMP spending on the grounds of costs. In turn, the Left is sensitive to insiders' concerns that associate ALMP with an increase in the supply of labour and thus pressures to keep wages low, and PLMP with increases in taxation or insurance contributions. Thus the only condition under which the Left can expand both ALMP and PLMP is when they need to compensate a retrenchment in EPL. This means that Rueda's counter-intuitive argument on the limited commitment of the Left to supporting the expansion of the welfare state and active measures to the clientele of outsiders is clearly at odds with both the partisanship and the 'power resources' literatures. While proponents of the former typically argue that Left parties seek social equity and mobility, among other things through the promotion of industrial, educational, and active labour market policy [e.g. Boix 1998], the latter argues that the combination of strong Left parties and organised labour result in

solidaristic societies and more universal, human-capital generating welfare states [e.g. Korpi 1983; Huber and Stephens 2001]. Through his more differentiated look at the preferences of Left parties, Rueda also postulates a very intriguing hypothesis in his conclusions. He suggests that precisely this alienation of outsiders by Social Democrats may have contributed to both declining voter turnout and the rise of political parties at the extreme ends of the political spectrum across Western Europe. This hypothesis seems worth examining given, for instance, the rise of the Left Party in Germany or the populist Right in Austria.

Following the examples set by Geoffrey Garrett [1998], Carles Boix [1998], or Isabella Mares [2003], Rueda relies on a mixed-method research design to support his argument. He combines statistical analyses in Chapters Two to Four with detailed case studies, organised around EPL, ALMP, and social policy in Chapters Five through Seven. While the book is undoubtedly an important contribution to the literature, the reader may wonder about Rueda's model specifications and the coding of Social Democracy. As Rueda estimates Social Democracy by the amount of seats taken by left-wing parties, one cannot help but wonder how this measure could distinguish moderate Social Democrats from far-left socialist or communist parties, who see themselves as voices for the very outsiders the Social Democrats fail to represent. Why are Green parties coded as left in this context, given that they do not see unionised insiders as their core clientele? And finally, how can we account for the socially oriented wings in Christian Democratic parties, who are important political actors, often aligned with labour unions? Prime Minister Jean-Claude Juncker of Luxembourg, who has been a critical, moderating voice on the European level, or German Labour Minister Norbert Blüm, who brought peace to tenuous labour relations during the Kohl governments, immediately come to mind.

Similarly questionable is the inclusion of Canada and the USA in the model, two countries that score '0' for any party in government, while Spain is excluded even though it is chosen as one of the in-depth case studies.

With respect to the choice of dependent variables, Rueda differentiates between EPL, ALMP, and social spending as a percentage of GDP. While the use of EPL is straightforward and unproblematic, questions about the adequacy of the other two variables remain. First, if ALMP are supposed to capture competing insider-outsider preferences, the author should have preferred a 'leaner' aggregate measure of ALMP that excludes spending on the disabled, which is rather high in some countries. It seems hard to believe that creating sheltered jobs for workers with special needs would be against the preferences of insiders. Moreover, while using aggregate spending on ALMP is possibly the only measure available for researchers, one must keep in mind that many active schemes for recipients of social assistance and the long-term unemployed, that is, the core outsiders, are operated by municipalities and thus such spending efforts may not be included in governmental outlets. Likewise, 'in-work' tax credits – often in combination with statutory minimum wages – extensively used in Anglophone countries such as Ireland or the UK are not accounted for, even though they are functional equivalents to the ALMP measures labelled 'wage subsidies' that are frequently used in Nordic countries. Finally, the use of total spending on social policy as a percentage of GDP is a rather crude estimator of PLMP. Coverage rates of unemployment benefits combined with net replacement rates may have been a better option – in fact, the descriptive case studies use precisely those indicators to support the author's claims.

Given that the book's strong theoretical conclusions – and implicit policy recommendations – are based on this particu-

lar model specification, which may not hold when a more fine-grained estimator for ALMP and PLMP or a different coding of Social Democracy were applied, these questions ought to have been addressed at some length. As such, after reading the quantitative analysis, some reader might not be fully convinced about the strong conclusions Rueda draws. But Rueda subsequently offers in-depth insights to three case studies – which are of very high quality – that persuade readers to accept his findings based on the statistical analyses. His cases include the Netherlands, Spain, and the United Kingdom, selected to roughly match Esping-Andersen's three worlds of welfare capitalism [Esping-Andersen 1990], while also varying with regard to the degree of social partnership and partisan compositions (i.e. the long rule of the Left in Spain, the long rule of the Right in the UK, and alternating coalitions in the Netherlands). Rueda demonstrates in all three country cases that Social Democrats were indeed concerned with defending EPL. He also corroborates his expectations by showing that the Spanish Social Democrats in office from 1982 to 1996 successfully protected insiders' privileges, while failing to systematically expand ALMP and PLMP for outsiders. Likewise, the strongly ideological and unrestricted agenda pursued by the conservative Thatcher (1979–1990) and Major (1990–1997) governments in the UK led to the systematic retrenchment of insiders' privileges, while the subsequent Blair government was somewhat more committed to expanding ALMP and reformed the system of in-work benefits that has benefited most outsiders. Finally, in the Dutch case, the existence of corporatist arrangements and frequently alternating multi-party coalitions mitigated partisan effects. Not only has the Right been less successful in reducing employment protection levels or social benefits as in the UK, also the Left was unable, if not unwilling, to launch a massive expansion of ALMP.

Rather, the Dutch strategy combined competitive wage settings (which protected insiders' jobs), with the expansion of part-time work (which allowed unemployed outsiders to enter the labour market).

By and large, all three cases support Rueda's argument and one could easily fathom that similar dynamics have taken place in other cases, especially in the continental world of 'old' social partnership [Ebbinghaus and Manow 2001]. For instance, the German Social Democrats' Agenda 2010 of 2003 and the Hartz IV reforms that took effect in 2005 are typically seen as a defence of insider privileges (as EPL were only marginally relaxed) at the expense of outsiders, who are increasingly expected to seek and accept precarious work arrangements. Precisely such conclusions are drawn by Kathy Thelen and Bruno Palier [2008], who argue that continental welfare states are reforming by segmentalising the labour market – they keep the privileges of insiders intact, while making the life of outsiders more precarious. Considering the developments in other countries and in more recent years, three questions want asking that could be addressed in a follow-up project. First, do Rueda's insider-outsider dynamics also hold true in the Nordic welfare states, where human-capital generating ALMP and generous PLMP have a long tradition? Second, have Social Democrats across Europe begun to course-correct and become more outsider-focused since the early 2000s (perhaps to attract new voters and counteract growing wage inequalities, which may also put downward pressures on insiders' wages)? And finally, how will the global financial crisis affect these dynamics, and does Rueda's implicit recommendation to simultaneously relax EPL and boost ALMP still seem an appropriate strategy for modernising Social Democracy?

Overall, putting aside some concerns about the choice of variables and the operationalisation of the model, the book offers

a persuasive explanation of important reform processes in Western Europe. In particular, the in-depth narratives convinced this reviewer about much of the assumed partisan-based dynamics throughout the 1970s through 1990s. As such, I highly recommend Rueda's book to anyone interested in the comparative political economy of labour markets, partisan politics, and social democracy.

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- A.B. Atkinson: *The Changing Distribution of Earnings in OECD Countries***
Oxford and New York, 2008: Oxford University Press, 432 pp.

Anthony Atkinson's book is a latecomer. A huge amount of literature has been published on growing global inequalities in general and on income dispersion in particular. So why read this book? Atkinson provides three good reasons. First, and explicitly on page 3, he questions conventional wisdom and addresses the general uneasiness about standard economic models in these days of economic crisis. Instead, Atkinson proposes a sound empirical behavioural model of income dispersion that ties in with actor and agency models in other social sciences. Second, Atkinson takes data seriously. He outlines quality criteria for scientific data that could also counter the often loose handling of data in many other publications. Third, based on these criteria, Atkinson amasses piles of information from various sources over long periods of time (i.e. nearly eight decades for Germany), broken up by gender and for 20 OECD countries. He provides the reader with the most comprehensive and up to date overview of income trends in affluent countries. Moreover, the 480 pages of this volume are by no means a dull collection of information. The book resembles a hypertext more than it does a reader. It is well structured and easy to read. A long introductory section summarising the argument is followed by a section that discusses the details of the model and by 20 country case studies.

Atkinson starts with a critique of the economic textbook model concerning the race between technology and education. He argues that the model's narrow fixation on rising demand and the lack of skilled workers is too simplistic to explain changes in income distribution. It is static rather than dynamic, focuses on prices and neglects quantities, ignores the impact of cap-